

Message Text

CONFIDENTIAL

PAGE 01 STATE 123630
ORIGIN L-03

INFO OCT-01 EUR-12 ISO-00 OPIC-03 EB-07 COME-00 /026 R

DRAFTED BY L/EUR:DAGANTZ:MRP
APPROVED BY L/EUR:DAVID A. GANTZ
L - MFELDMAN(DRAFT)
EDJERJIAN
L/EB:GROSEN(DRAFT)

-----280456Z 105915 /14

P 272229Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY BRUSSELS PRIORITY

C O N F I D E N T I A L STATE 123630

E.O. 11652: GDS

TAGS: EINV, EFIN

SUBJECT:COURT CASE -- MERIDIAN ENTERPRISES, INC.

1. CALIFORNIA ATTORNEY HAS BROUGHT TO THE DEPARTMENT'S ATTENTION A (BANKRUPTCY) COURT ACTION IN NIVELLES, BELGIUM INVOLVING THE ABOVE-MENTIONED COMPANY, REQUESTING USG ASSISTANCE. ACCORDING TO INFORMATION PROVIDED TO DEPARTMENT, MERIDIAN ENTERPRISES IS A CALIFORNIA CORPORATION WHICH HAS A BRANCH IN BELGIUM. BRANCH APPARENTLY OVEREXTENDED ITSELF WITH RESPECT TO INVENTORY; AS A RESULT, SOME OF THE CREDITORS BROUGHT ACTION IN BELGIAN COURT (LE TRIBUNAL DE COMMERCE), ALLEGEDLY WITHOUT PERMITTING MERIDIAN TO DISCUSS FULLY EITHER ORALLY OR IN WRITING, DECLARED CORPORATION AS A WHOLE TO BE BANKRUPT. MERIDIAN ATTORNEY SAYS HE HAD SOUGHT ASSISTANCE FROM BELGIAN AUTHORITIES (MR. VAN PRAET OF MINISTRY OF ECONOMIC AFFAIRS, MR. TRIQUET, BINGERMEISTER OF NIVELLES) WITHOUT SUCCESS TO DATE (APPARENTLY FOR SEPARATION OF POWERS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 123630

REASONS). COMPANY PLANS TO APPEAL THE CASE BUT FEAR THAT BY THE TIME APPEAL IS ACTUALLY HEARD (PROBABLY LATE THIS YEAR) BRANCH'S INVENTORY WILL ALREADY HAVE BEEN LIQUIDATED TO MEET CREDITORS' CLAIMS. MERIDIAN'S SITUATION MADE

EVEN MORE DIFFICULT BY FACT THAT UNDER BELGIAN LAW CREDITORS OR OTHER PARTIES WHO DO NOT COMPLY FULLY WITH

THE COURT'S ORDER APPARENTLY COULD FACE DIRECT LIABILITY;
ONE OF PRINCIPAL BRANCH CREDITORS IS UNITED CALIFORNIA
BANK, WHICH ALSO HAS EXTENSIVE LOANS TO CORPORATION IN
CALIFORNIA. THUS, ATTORNEYS FEEL THAT BELGIAN COURT
ACTION COULD THREATEN CONTINUED VIABILITY OF PARENT
CALIFORNIA CORPORATION IN CALIFORNIA AS WELL AS BRANCH.

2. IF BELGIAN COURT HAS IN FACT ATTEMPTED TO EXERCISE
JURISDICTION (EXTRATERRITORIALLY) NOT ONLY OVER MERIDIAN
BRANCH IN BELGIUM BUT OVER MERIDIAN ENTERPRISES IN
CALIFORNIA (AN ACTION WHICH ACCORDING TO ATTORNEYS IS
NOT PERMITTED BY BELGIAN CIVIL LAW), CASE COULD HAVE
IMPLICATIONS FOR MORE GENERAL U.S. INTERESTS.

3. DEPARTMENT WISHES TO AVOID INTERFERING IN JUDICIAL
PROCESS OF A FRIENDLY NATION. HOWEVER, IN VIEW OF THE
APPARENT NATURE OF THE DECISION, WE DO NOT BELIEVE IT
WOULD BE INAPPROPRIATE FOR EMBASSY TO INDICATE TO GOB
AT AN APPROPRIATE LEVEL THAT U.S. CORPORATION HAS MADE
US AWARE OF A PROBLEM WITH RESPECT TO EXTRATERRITORIAL
APPLICATION OF BELGIAN BANKRUPTCY LAW. EMBASSY SHOULD
INDICATE THAT WHILE WE HAVE NO INDEPENDENT SOURCE OF
INFORMATION, NOR WISH TO INTERFERE IN BELGIAN COURT
SYSTEM OR TO TAKE A POSITION ON APPLICABILITY OF BELGIAN
LAW TO BRANCH OF U.S. CORPORATION IN BELGIUM, USG DOES
HAVE AN INTEREST IN BROADER ISSUES RAISED BY THE CASE.
WE WOULD THUS APPRECIATE RECEIVING AS SOON AS POSSIBLE
ANY INFORMATION ON THE CASE WHICH COULD BE PROVIDED BY
FOREIGN MINISTRY OR OTHER BELGIAN AUTHORITIES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 123630

4. MERIDIAN IS REPRESENTED IN BRUSSELS BY OTTO GROLIG
AND PAUL HERTENS OF BAKER AND MCKENZIE. EMBASSY MAY
WISH TO CONTACT THEM TO OBTAIN MORE INFORMATION BEFORE
CONTACTING GOB.

5. SUBSEQUENT TO DRAFTING OF ABOVE, DEPARTMENT RECEIVED
FOLLOWING INFORMATION:(A) MERIDIAN ENTERPRISES, INC.
IS A DISC, WITH -BELGIAN BRANCH A SALES OFFICE ONLY;
(B) A SEPARATE BELGIAN CORPORATION, INREP, S.A.,
ASSOCIATED WITH MERIDIAN HAS NOW ALSO BEEN DECLARED
BANKRUPT, WITH ASSETS FROZEN, APPARENTLY BECAUSE BELGIAN
COURT FEELS THEY ARE ONE AND THE SAME ENTITY. (ATTORNEY
DOES NOT QUESTION BELGIAN COURT'S JURISDICTION OVER
INREP.) VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKRUPTCIES, MULTINATIONAL CORPORATIONS, CREDIT PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 27-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE123630
Document Source: CORE
Document Unique ID: 00
Drafter: DAGANTZ:MRP
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770191-0295
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977057/aaaaaggl.tel
Line Count: 112
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2faaba96-c288-dd11-92da-001cc4696bcc
Office: ORIGIN L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2566110
Secure: OPEN
Status: NATIVE
Subject: COURT CASE -- MERIDIAN ENTERPRISES, INC.
TAGS: EINV, EFIN, MERIDIAN ENTERPRISES INC
To: BRUSSELS
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/2faaba96-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009